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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

COUNTRY China

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DATE:

SUBJECT Political, Economic and Military Information:  
Kalgan

INFO. November 1946

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ATTACHMENTS: 2 charts (8 pages)

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1. Events connected with the Withdrawal of the Communists from Kalgan

a. Removals of personnel

When, prior to the arrival of the Nationalist forces on 11 October 1946, the Communists withdrew from Kalgan, they persuaded or forced considerable numbers of personnel to withdraw with them.

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(1) Schoolteachers. All but six of the 91 teachers in middle schools and about 100 of the approximately 300 teachers in primary schools were forced or persuaded by the Communist to withdraw with them. (Subsource: Chart issued by Nationalist Army Security Office, Kalgan.) No reliable estimate of the number of these who went of their own accord, and the number forced to accompany the Communists is available; but it appears that the majority had left under pressure by the Communists. (Subsource: primary school teacher who evaded the Communist order to withdraw.)

(2) Students. About 1200 of the approximately 1600 students in middle schools were forced or persuaded by the Communists to withdraw with them. (Subsource: Chart issued by Nationalist Army Security Office, Kalgan.)

(3) An unstated number of doctors and nurses in the hospitals were forced by the Communists to accompany them in their withdrawal. 25X1X Chinese

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(4) Prisoners. The Communists took their prisoners (number not stated) with them when they withdrew. A number of these were Japanese and Koreans.

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(5) An unstated number of workers from the electric plant were forced to accompany the Communists in their withdrawal. 25X1X

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(6) Miscellaneous. Since September 1946 there has been a considerable reduction in the population of the town is apparent. No reliable estimate of such reduction is available; nor any estimate of the proportion of persons forced to accompany the Communists, the proportion accompanying them voluntarily, and the proportion who merely retired to outlying districts from fear or other motives. However, many workmen who had previously evacuated from the city are now returning. 25X1X

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Removals of stores. The Communists took with them nearly all stores of grain, flour, and cloth in the city. (Subsource unstated.)

Removals of machinery. No statistical estimate of their removals of machinery is available. They took with them numerous small machines, but by no means all. (See paragraph 4c following, "Condition of Various Factories and Other Buildings".) The removals of machinery took place in late September. (Subsource: workers at electric plant and match factory.)

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Removals of machinery parts. No estimate available; but some light is thrown on this subject by the fact that workers returning to the city are now bringing with them machinery parts which had been hidden.

Demolitions of machinery and buildings. The bulk of such demolitions took place on the night of 10 October. Machinery which was too large to remove, or which was unwanted, was in many cases sabotaged by means of home-made explosives. The success of the results varied widely. Many buildings were set on fire, which also had the result of damaging machinery. Of the very wide-spread damage evident in Kalzan, bombing by Nationalist planes was principally responsible for destruction in the railroad area; demolitions by withdrawing Communists for destruction elsewhere in the city. (See paragraph 4c following.)

Communist "stay behinds" and underground. Previously, it was reported by the Communists that if they withdrew, they planned to leave behind an extensive underground organization. No information is available as to what has actually been accomplished along these lines.

2. Events connected with the entry of the Nationalists into Kalzan.

a. Bombing. On 9 October, from 1300 to 1500 hours, Nationalist planes were over the city. Their number is estimated at from 12 to 16 by different sources. [redacted] states they included six B-51's and 2 B-24's. They dropped from sixty to 100 bombs in the downtown area, principally in the vicinity of the station and rail yards. [redacted] Russian woman worker in restaurant; Chinese Catholic priest; [redacted] bombs were dropped on the edge of town near the jail [redacted] Chinese Catholic priest.) They also strafed, but only in the downtown area. [redacted] Russian wine merchant.) On 10 October, Nationalist planes were over the city in waves, bombing and strafing, almost continuously from 0900 to 1700.

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b.

Reaction of the population. Beginning with the bombings on 9 October, a considerable number of the population fled in terror to the country, and did not return for two or three days. (Subsource: shopkeeper; Chinese Catholic priest.) By midnight of 10 October, there was no one left in control in town, and there were no policemen left in the streets; something of a panic resulted. (Subsources: priest, Russian woman worker.) The confusion of the people was augmented by the fact that they had received no official notification of what was happening, and that the newspapers had been silent on the subject. (Subsources: merchant, priest, Russian woman.)

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- d. Arrival of Nationalist troops. The first Nationalist troops entered the city about 1600 hours on 11 October. They came in through the North Gate, -- tanks first, then trucks, then infantry. They cleared the main streets, and then fanned out into the sidestreets. They later gathered in groups on street corners, and made individual arrangements to be quartered in shops, homes, and party buildings. They did not use the regular barracks for fear of booby traps. They were given food by the population.

- e. Casualties. Civilian deaths resulting from the bombing were rumored to have amounted to 2000 or 3000; but this is believed to be a great exaggeration. Very few soldiers, if any, were killed in Kalgan.

- f. Looting. There was much looting by civilians in the city, even before the last of the Eighth Route Army left. (Subsources: shopkeeper; Russian wine merchant.) The looting was in some cases accompanied by violence.

3. Kalgan's Communist Regime in Retrospect.

- a. Propaganda. The Communists conducted extensive propaganda activities under the guise of "education". For instance, the teachings in the schools had become principally propaganda. There was relatively little instruction in basic subjects. The majority of the pupils disliked this sort of education. There were few textbooks. The pupils were not assigned to definite classes, but attended any class they wished. The teachers were ordered to attend meetings 3 or 4 times a month to absorb Communist propaganda.

"Adult Education" was diverted to the same purposes. Workers in the electric plant were given two hours of classes every day. These classes were theoretically for the purpose of teaching reading, writing, and technical subjects, but actually consisted only of Communist propaganda.

The Communists are said to have told the people that the UNRRA goods made available to them were the gift of the Soviet Union.

- b. Schoolteachers under the Communist regime. A number of schoolteachers were forced by the Communists to teach school against their will. Under the Japanese, schoolteachers had been free to quit their posts; this was not true under the Communists. Primary schoolteachers received cash payments equivalent to 200 to 300 catties of millet per month, which was insufficient to support a family. Students were encouraged to report deviations from the party line on the part of their teachers; several teachers were questioned and accused of being Nationalist spies. While evidences of actual mistreatment of teachers (other than the pressure described above) are inconclusive, the teachers lived in perpetual dread of arrest.

- c. Condition of workers under the Communist regime. Workmen at the electric plant were paid 250 to 300 catties of millet per month in lieu of currency. Their compensation in millet was calculated at a rate less advantageous than the current market. The squeeze exacted by the Communist officials by this method, and also in connection with the milling of the grain, sometimes cut the actual receipts of the workers in half. Furthermore, although the working day was officially supposed to be eight hours, the workers were forced to work two to four hours per day overtime, for which they were paid no compensation.

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- 25X1X d. Technical personnel. The Communists were admittedly short of qualified technical personnel. For instance, the manager of the electric plant was a semi-trained engineer, who had arrived in Kalgan with the Communists. (workmen at electric plant.)
- 25X1X e. Business conditions under the Communists. A wine merchant paid taxes of \$8000 (Border currency) per month on an \$80,000 business. The owner of a flour mill was forced to operate at cost, without profit to himself. In both these cases, the Communist authorities accepted the word of the owner on car 25X1X investor, sales, etc., and did not check their books. It is stated that in the latter respect other businessmen received the same treatment.
- f. [REDACTED]
- (1) Russians. The Chinese Communists in general left the Russian community 25X1X [REDACTED] withdrew. Only five Russians accompanied the Communists on their withdrawal. 25X1X [REDACTED]
- (2) Mohammedans. There are 1000 Mohammedans in the town, and 7 mosques. 25X1X This community had no special problems under the Communists, and, so [REDACTED]
- (3) Japanese. Prior to the arrival of the Nationalists, there were reported to have been about 10 Japanese civilians working as technicians in the city. They have since disappeared. 25X1X [REDACTED]

4. Present Conditions.

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- a. General. A great number of miscellaneous buildings have been partly or wholly destroyed, either by Nationalist bombing or Communist demolitions. Nearly all the glass windows in the city are broken, and most of the buildings are in poor repair. The main streets are kept reasonably clean, but in some of them there is more refuse and garbage than formerly. There are more people to be seen searching in refuse heaps for food and fuel than formerly and some beggars are in evidence. Nevertheless, the majority of the people to be seen appear well-fed, though not prosperous. There are many fewer civilians to be seen on the streets than formerly and these are mostly old men, old women, and children. On the other hand, wedding and funeral processions go on as usual with traditional ceremony. Doves of cattle are to be seen in the streets but in far less quantity than during the Communist regime. Nationalist soldiers are to be seen riding in rickshaws; Communist soldiers had never been permitted to do so.

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the city; however, during a walk through the town, source estimated that Nationalist soldiers were encountered about every 25 yards. Some of the streets are blocked with heavy barbed-wire entanglements. The wire is of good quality, and is part of a large supply left by the Japanese. Source was informed by unidentified subsources that the outlying districts surrounding the city have not yet been cleared of armed Communists. The Nationalist Air Force has only

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a derot at Kalpan and is unable to repair planes there. The Communists attempted to destroy all the buildings at the airfield; but they are not

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d. Registration and Identification. All individuals in Kalpan must register with the municipal authorities, and receive a registration card. (Subsource: notices on wall; mayor of Kalpan.) All vehicles must also be registered. Workers wear armbands indicating where they work. Soldiers acting as policemen wear special blue armbands. Other soldiers wear no insignia of rank or branch.

e. Police. Five hundred regular policemen are now in training; as soon as their training is completed, they will replace the soldiers who are at present being used as police. (Subsource: Unstated.)

f. Schools. All primary schools have been reopened, but no junior or senior middle schools; however, five middle schools will open soon. There is a serious shortage of teachers (See paragraph 1,a (1).) Textbooks will have to be brought from Peip'ing. While the number of students at middle schools was greatly depleted by withdrawals with the Communists (see paragraph 1,a,(2),) the number of pupils at primary schools has increased from about 6800 to about 7400. Nationalist Army Security Office, Kalpan.) Source inspected, as a samite, primary School Number 5. It is situated in a former wool factory, the old school building having been bombed out. This school has 600 pupils. There are few textbooks, the students themselves having burned the Communist textbooks. The following subjects are taught, mostly from the blackboard: Arithmetic, literature, History, and the Laws of the Republic. Singing the National Anthem is also being taught. 25X1X

g. Municipal Government. The Municipal Government, which is being set up under the auspices of the Nationalist military, and to which the latter will gradually give place, will include the following departments: Education, Political, Public Works, Public Health, Social Welfare, and Finance. (Subsource: 25X1X

h. Private property. Owners of property which was expropriated by the Communists are to have their property returned to them, but the users of the property are to be protected by permission to continue using it. Factories are at present all Government-owned; their eventual disposition will be determined by Man- 25X1X  
(Subsource: General FU.) The Catholic missions have already had re- stored to them some of their property which had been seized by the Communists.

i. Reconstruction and Relief

(1) One of the principal deterrents to trade is the lack of currency (see paragraphs j and l following). It is hoped that the banks can be re-opened shortly, which should greatly facilitate trade. The principal hindrance to manufacturing is lack of electric power. It is hoped that electric power, at least on a limited basis, can be re-established in a few days. (Subsource: General FU.)

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- (7) In accordance with the usual policy of the Central Government for "liberated areas", taxes are cancelled for the first six months of one year. During this period, the Central Government grants appropriate relief for the unemployed and the poor.

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- (3) While for the longer-term, reconstruction is of paramount importance, the most immediately pressing problem is that of relief. The Central Government has allotted a large sum for this purpose (amount not stated.) In addition UTRNA has also allotted an unstated amount of goods. There are about 1000 unemployed factory workers; about 750 of these have already applied for relief. (Subsources: owner of Kal-

In addition to this type of relief, a distribution of CNC was made in small amounts to individuals for the purpose of permitting them to carry on when the Communist border currency became worthless. For instance, workers at the electric plant were given CNC \$4000 apiece (Subsources: a small seed dealer.) Special treatment was afforded the Russian community. The Chief of that Community was allotted the sum of CNC \$2 million, from which he distributed \$12,000 to each of the members of the community, and kept the remainder in reserve for emer-

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- j. Currency. When the Communist "Border notes" became valueless, most of the population threw them away. With the exception of the money distributed by the Nationalists as described in the foregoing paragraph, there was virtually no CNC in the town. This has naturally caused a serious dislocation of trade. The people are puzzled over the new currency. They have difficulty in becoming accustomed to the great variety of bills of similar denomination; and are especially confused by the gold currency notes. (Subsources: various merchants.) Some of the currency given out for relief was issued by the Chamber of Commerce of the National Government and brought to Kalgan for that purpose. Denominations are from CNC 250 to 2200.

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- k. Trade. Most of the shops in the main street are open, but are principally stocked with old goods. There are few peddlers in the street. People are anxious to restore trade, but are handicapped by the shortage of goods and the scarcity of currency on any broad scale. There is some barter, but not

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1. Prices. A month before the changeover, Border Currency was quoted officially at \$100 to CFC 1125. During the changeover, the set prices in CFC were about the same as the old prices in Border currency. 3 lbs of rice, but some scarce items, such as meat, increased in price. Good white flour is now worth CFC 1300 per catty, meat (variety unstated) 3600 or more per catty.

(Shanghai Comments: It is evident that because of the time lag, as well as the structure of currency, prices have not yet caught up with the inflation prevailing elsewhere in China.) Cigarettes are arriving in quantity. One trader brings them in by horse cart caravan from Peiping, returning the horsecarts to Peiping loaded with cabbages.

Kalgan cigarettes, which formerly cost 700 (border currency) per pack of 8 now sell at 32000 CFC for 8 packs of 8. (Subsource: Russian wine merchant.)

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- a. Transport and Communications. (The condition of the railroad is described in detail in Report [redacted].) The railroad to Peiping is supplemented by caravans of horsecarts. Within the city, the busses are now using gasoline; the old charcoal burning devices have been removed. Other motor vehicles include one jeep, two staff cars, and an unstated number of military trucks. Camels are more plentiful than formerly. Rickshaws are much more in evidence than they were under the Communists, who were opposed to their use, and limited them to certain areas. An efficient field telephone system has been installed in the hotel and other buildings used by the military. Mail is sent to and from Peiping by truck or plane. The service requires one or two days. (Subsource for last 2 sentences: Post Office clerk.)

- n. Manufacturing. Manufacturing is practically at a standstill, in some cases because of damage sustained by factory facilities, or shortage of raw materials and in nearly all cases because of lack of electric power. A detailed description of the condition of manufacturing facilities is given below, in Attachments 1 and 2. The production of arms, initiated by the Communists, will not be revived.

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- o. Attitude of the people. [redacted] states that generally speaking, the people seem to have no strong political convictions. They attempted to lead as normal lives as possible under the Communists, and are doing the same under the Nationalists. For this purpose, a large number profess strong pro-Nationalist sympathies. It is clear that in cases where people suffered especially under the Communists, or have some special hope of gain from the Nationalists, these expressions are sincere. The Catholic population is naturally bitter against the Communists, and welcomes the arrival of the Nationalists. [redacted] remarks that most of the convinced Communists sympathizers departed with the Communists. Such schoolteachers as remain in the city are sincerely glad of the establishment of the Nationalist authority. [redacted] The factory workers in the city resented the destruction of factories by the Communists, because it deprived them of their source of livelihood; on the other hand it is stated that they excuse the Nationalist bombings of the railroad area on the ground of military necessity. [redacted] No anti-American propaganda was visible. Persons interviewed by source expressed strong pro-American feeling.

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Condition of various factories and other buildings.

Source: "Air Force 12 indicator, it is assumed that observation was made by source, evaluation for these factories is B-2.)

- (1) Telephone Exchange. This building was destroyed, reportedly by Communist sabotage. (Source: Nationalist staff officer, [redacted])

- (2) Telephone Office. This three-story building, of severe brick and stone construction and steel pillars, is gutted and roofless. Source was unable to determine whether the damage was done by Nationalist bombing or Communist sabotage.

- (3) Post Office. This building is roofless and filled with rubble. Source was unable to determine whether this was a result of Nationalist bombing or Communist sabotage.

(4) [redacted]

- (5) Electric Company Business Office. This building is gutted. The damage was allegedly done by the Communists, with the aid of both explosives and fire. [redacted]

- (6) Electric Plant. This plant was a distribution point for power from Hsishanyuan (115-15, 10-28). On the night of 10 October, soldiers of the Eighth Route Army carried out extensive demolitions of the machinery with explosives; they also removed some parts of machines to the hills and buried them. [redacted] With the exception of three transformers, practically every piece of machinery was more or less damaged. Two auxiliary furnaces were destroyed. A small generator is now under repair, which it is hoped will produce 350 kWh, but which source believes will not exceed 270 kWh, an amount totally [redacted]

needs.) It is source's opinion that little of the machinery can be salvaged, and will mostly need to be replaced. Storeroom, repair shop, recreation hall, and workers' houses were not damaged. About 50 workers and 15 families have returned to the plant since the evacuation ordered by the Communists just prior to the liberation. There were formerly about 30 families at the plant. [redacted] Plant.)

- (7) Railroad Station. Damage to railroad station was apparently because of Nationalist bombing rather than Communist sabotage. (Source: Russian woman worker in restaurant [redacted] badly damaged; the roof is gone and the walls cut in many places. It is now under repair.

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- (8) Railroad and warehouses. Buildings extensively damaged. Yard contains about 50 ruined cars.
- (9) Cigarette Factory. This establishment sustained very minor damage as a result of Communist demolitions. Nearly all the machines are intact. However, the stocks of tobacco were partly removed by the Communists and partly looted by civilians. As the result of a lack of tobacco and a lack of electric power, the factory is unable to operate.

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- (10) Government oil warehouse (across street from Folke Restaurant). This building is roofless and rotten; it was exploded and burned by the Communists.

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- (11) Shanghai factory. One group of buildings was destroyed, the rest are intact. Between 20 and 22 September the Communists removed all but 20 of the machines, and on 10 October burned the buildings. (Shanghai, 25X1X  
and at the plant.) These 20 machines were all damaged; four were repaired, and three more are under repair. In the latter mill-story, the same remains, but can not be used because the belts were removed by the Communists.

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- (12) Soap and soft drink factories. Practically intact. The soap factory is intact except for the removal of a few machines.
- (13) Bank building. The modern brick and stone building which formerly housed the principal bank in the town (on the same street as the municipal building and the main hospital) is in ruins. It is not clear whether this was a result of bombing or sabotage.
- (14) Building next to bank. Considerably damaged.
- (15) Newspaper. (Fan Tao Jih Inq - Progressive Daily News. Shanghai Note: Fan Tao Jih Inq - Struggle Daily?) The newspaper building was burned by the Communists. Parts of the press were removed by them and the remainder sabotaged with explosives. The Nationalists however improvised another press and started publishing the paper on 15 October. The publication is at present controlled by the Military Headquarters. Both local items and items monitored from Central News are used. The newspaper at Hsuan Hsu was completely destroyed by the Communists. (Subsource: Editor of Fan Tao Jih Inq.)
- (16) Former Newspaper office. The old Chin Ch'eh Shi Jih Inq building is nearly destroyed. A printing press has been seriously damaged by fire. Practically all other equipment has been removed by the Communists. The damage to this establishment was the result of demolitions conducted by the Eighth
- (17) Condition of buildings. Central Hotel. Telephone instruments, some furniture and household equipment missing. Reports conflict as to whether these removals were made by Communists or by civilian looters after the Communists' departure.
- (18) Municipal Building (now an officers' billet). Sustained minor damage and broken windows.
- (19) "Ch'eh or Grand Hotel" (now a barracks), and the building next to it, sustained practically no damage.

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- (20) The Old Medical College Hospital. Unharmed.
- (21) The former Public Relations Compound appeared to be undamaged.
- (22) 21st Medical Corps Field Hospital. One large room is filled with beds with wooden frames, hard tops, and blankets. The floors are clean. The patients consist of 72 wounded men, principally from the 1st Army fighting.
- (23) The former Japanese consulate, later used by the Communists for their "Educational Committee", is uninjured. Nearby buildings were destroyed.
- (24) The University buildings, including housing for students and faculty, sustained little damage.
- (25) Former Headquarters of General Hsieh Jung-chen. Extensively damaged by explosives and fire. Now under repair.

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Name & Location of Organization	Original Setup	Extent of Damage Done	Condition after Demolition
Kalgan Electric Power Company (Former Min Sheng Power Co.) Chungshan Street	In addition to the engineering, supply, accounting, business and personnel sections that are established under the head office, there are also Hsiehshueyuan*, south Hsiehshueyuan* and north Hsiehshueyuan* power plants; there is a branch office at Hsiehshueyuan (in Kalgan) and six branch offices located at Hsiao'ai (115-42,40-22), Chou (115-11,40-20) Hsinshou (115-22,40-25), K'ang-chueng (115-50,40-22), Shieh'eng (115-29,40-23), and Hsienhsue (115-01,40-27); there are also power plants at Fungchihung (115-02,40-27), and Hsuehshue. The number of personnel originally employed (by the Kalgan Electric Power Company) was 726. At present there are 428.	The buildings which housed the head office and the other agencies were demolished. (A detailed account is given below).	Personnel is being assigned to work necessary repairs. (A detailed account is given below).
North Power Station Peita'siyuan*	One 300 KW turbine generator	Demolished by the Communists; equipment scattered and stored in various places. Most of the spare parts were smashed or taken away. The boiler and chimney were also destroyed.	Remains and equipment are being carried out, and will soon be completed. Power supply will be resumed within a week.
South Power Station Henta'siyuan*	Two turbine generators of 1,000 KW and 1,260 KW capacity each. Distribution room, laboratory, etc.	The 1,000 KW generator was carried away by the Communists and the 1,260 KW generator was totally destroyed by explosives. Four drain pipes of the boiler were destroyed. The big building which housed the machinery was also demolished with the machinery buried beneath it. Both the laboratory and power control room were burned.	The machinery then, which was destroyed, has been cleared of debris. Inspection is now being made.

\* Shanghai Note, of Kalgan City, north part of Hsiehshueyuan and Henta'siyuan is the name of the south part.

Hsiehshueyuan is a section. Peita'siyuan is the name for the north part of Hsiehshueyuan and Henta'siyuan is the name of the south part.

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Attachment #1

REPORT OF THE KAMIAN ELECTRIC POWER COMPANY

Name & Location	Original Setup	Extent of Damage Done	Condition after Reconstruction
Majshaynen Power Station	Three generators of 4000 KW, 1000 KW and 10,000 KW capacity respectively were originally installed. The installation of another generator of 10,000 KW capacity was only partially completed. When the Communists were here, the two generators of 4000 KW and 7000 KW each were dismantled and carried to Chinaling and other places to be installed to supply power there and Generator No. 3 of 10,000 KW capacity was used to supply electricity work on the installation of generator No. 4 was also begun. However, the spare parts for the machinery did not arrive, and before the work was completed, the fighting in this area came to an end. During the Communist occupation, the work on this generator was also suspended.	Before the Communists retreated, plans for the destruction of the plant were already underway. Explosives were put in place to be concealed in various parts of the 10,000 KW generator. However, the wires leading to the explosives were discovered and later cut by the workmen. Therefore, when the Communists retreated and pulled the wires, only a portion of the explosives went off. However, the Communists sent back large groups of men who later demolished the entire generator. The spare parts of generator No. 4 (10,000 KW) were also carried away. Only the water tower and boiler were left intact; they can still be put to use.	
New and old godowns	Equipment in storage - approximately 992 tons.	Equipment which was either burned or carried away amounts to 780 tons. Heavy equipment left behind amounts to 212 tons.	Rearrangement and inspection are now being made.

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Attachment #1  
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Name & Location of Organization	Type of Business	No. of personnel		Original Setup	Damage	Condition after Restoration
		Original	Present			
Transportation Co. Huangshan Street (有和大街)	Buying, loading and unloading of goods	100	100	Two sections: accounting and transportation; warehouse, wagon repair shop, a cooperative unit.	All essential materials were moved by Communists, only some equipment was left behind.	General condition is good; operations can be resumed without any real difficulty.
Water Works Co. Huang Shan Street (東門大街)	Supplying of water for the municipal area.	100	60	Two offices, four sections, three water sheds, two warehouses, and workers' cooperative.	Part of the machinery for the water sheds was removed.	Repairs already made, water can continue to be supplied.
The China Lumber Co. Nan Tai'ai Yuan St. (南菜園街)	Selling of lumber	70	35	Called "Mengolia Lumber Co." under the Japanese; resumed present name when taken over by Communists (half government - half private enterprise).	Most of the machinery removed; only some circular saws left; buildings and equipment left intact.	Business has returned to normal; raw materials have been used to produce finished products.
Petroleum Company Nan Tai'ai Yuan St. (南菜園街)	Distilling of oil, manufacture of soap and oil products	31	17	Had monopoly of oil products for all Mongolia when under Japanese control; completely confiscated by Communists.	Over 30000 drums of oil transported to Yühsien; 10 pieces of machinery destroyed.	Business resumed after necessary repairs and replacements were made.
Ching Hsing (慶興) Construction Co. Chung Shan Men St. (中山後街)	Manufacture of tables and chairs	76	9	Operated by government and private capital, totalling \$150,000. Government invested \$50,000; private \$100,000.	All materials completely removed.	Work resumed after new materials obtained.
Kailan Construction Company Hu Jung Niao Street (大馬路)	Construction work	800	15	Lumber mill, masonry works, iron works, wool factory, brick and tile factories.	Wool factory and major part of iron works completely destroyed.	Lumber, brick, and tile factories reopened after equipment was replaced.
Branch Office of the Winery The Ch'ang Group Wine Company (沙城) Bei Chai Men (自來水)	Winery	11	6	Operated with capital furnished by Communist 5th Sub-district Supply Bureau	Winery and flour mill section undamaged; electric motor and leather belts were removed.	Work resumed after removed equipment was replaced.

Attachment #2

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Name & Location of Organization	Type of Business	No. of Workers	Original Product	Original Status	Damage	Condition after Restoration
The Lung Yen Iron Mining & Construction Company (龍源) 21 Tai Ping Ch'iao (太平橋)		70	28			
Retail Sales Dept. Chen Hsi Company (振華公司) 36 Yi An Street (怡安街)		15	13			
Kelgen Tobacco Co. Nan Tai Yuan (南泰園)	Manufacture of cigarettes	474	350	Work done by both machinery and manual labor under supervision of the various sections and the main office.	40% of the warehouse destroyed by fire; security of tobacco leaves now exists.	Some progress is being made in restoring the equipment; repairing of machines now under way.
The Ho Cheng Co. (合成公司) 16 Chih Shen Street (至善街)	Manufacture of flour	20	1	Flour products and miscellaneous products manufactured (operated by the government).	No changes were removed; few pieces of equipment were left (grinders, etc.).	Work resumed after orders and leather belts were replaced.
The Fur Company 18 Ch'eng Cheng Rd. (長清路)		15	13	Called "Mangolia Fur Co." by the Japanese; after confiscating it, the Communists renamed it "The Fur Co." and placed it under government control.	Most of the essential materials were removed.	Business will be resumed as soon as the financial status of the company is clarified.
The Salt Company Ma Chia Hua Yuan (馬家花園)	Manufacture of salt	110	30	Called "Salt Syndicate" by the Japanese; renamed "Salt Co." by Communists.	No major damage done to warehouse.	
The Match Company Nan Tai Yuan (南泰園)	Manufacture of matches	400	203	Established by Japanese; matches manufactured by machinery.	Most of the machines and raw materials were removed.	Already has resumed operations

Name & Location of Organization	Type of Business	No. of Personnel Civilian Present	Original Source	Damage	Condition after Restoration	
Kuo Tung Machinery Company (華東機器廠) Hsien Tung Street (豐化大道)	Manufacturing of engines and motor vehicles.	150	46	Chiefly manufactured engines for 3.5 mi. shells and small machines.	Most of the machines and raw materials were removed.	Shells under way
Chien Ho Sauce Factory (建和醬油工廠) Hsin Ts'ui Tuen (新瑞美國)	Sauces and pickled foodstuffs	150	18	Part of the factory destroyed.	Remains were being done.	
The Printing Office of the Finance Bureau Ch'ang Ch'ing Road (長清路)	Printing of the Border Region notes	350	69			
Ching Hsing Flour Mill (興興麵粉廠) Ho La Street (馬路街)	Flour	24	21	Six grinders of the Mah-shing (馬興) type and four electric grinders for the manufacture of flour.	A large part of the machinery was removed by the Communists.	Grainstone removed after necessary repairs made.
Chien Ho Brewery Co. (建和公司釀造廠)	Bode-water and wine	40	16	Occupied and operated by the Communists	All essential materials and machinery removed.	Grainstone removed after necessary repairs made.
Chao Han (喬翰工廠) Kelgen Leather Factory Tsun 2'nd Tze (元子)	Leather	30	6	Occupied by Communists	Important materials removed	Grainstone removed after necessary repairs made.
Ch'ing Hsing United Construction works (興興聯合建築工程) Ch'ung An Street (中安大街)	Construction works	9	9	Occupied by the Communists	Machines and houses totally demolished; raw materials left behind.	Repairs are now being made
GENERAL INFORMATION GROUP						

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Name & Location of Organization	Type of Business	No. of Personnel		Original Setup	Damages	Condition after Restoration
		Original	Present			
Maung To Oil Factory (光大油廠) Maden Hsu Street (曼化大街)	Manufacture of oil	60	41			Normal conditions have not yet been restored; repairs being made.
Ching Hsing Brick Factory (榮興磚瓦廠) Mao Tiao Ch'ang (南橋廠) in the 5th District	Manufacture of bricks and tiles		50			Normal conditions have not yet been restored; repairs being made.
Yü Hua Sauce Factory (裕華醬油公司) Shan Ts'ei Yuen (南菜園)	Sauce and pickled food products	40	15	Reorganized by the Japanese Monroclion Brewery Factory	Major portion of machinery and materials removed and destroyed.	Normal conditions have not yet been restored; repairs being made.
Chien Ho Flour Mill (建和麵粉廠) Pai Chia Kua (白家沟)	Flour	16	5	Under the management of the Chien Ho Company	Tools and equipment partly damaged	Operations resumed after necessary repairs made
Fu Hsing Factory (福興工廠) Chao Ima Tungk (朝陽洞)	Raw and finished leather goods and fur pieces	20	15			Operations resumed after necessary repairs made
Motor Vehicle Repair Shop Tung Shen P'ao (東山坡)	Repairing motor cars		22		Totally destroyed	
Shu Mo Soap Company (沙沐肥皂公司) Shan Ts'ei Yuen (南菜園)	Oil, soap, calcium soap	60	10	Taken over and operated by the Communists	Most of the raw materials removed	Operation already resumed

GENERAL INTELLIGENCE GROUP



Name & Location of Organization	Type of Business	Amount of Investment		Original Present	Original Present	Condition after Restoration
		Original	Present			
En Chi Leather Factory (永豐製革廠) Hsin Min Street (新民街)	Leather goods	36	25	Coerced with government and private capital, totaling \$2,670,000*	Not damaged because there was private capital invested in the factory	Business continues as usual
Hsiao Factory Ta Ma Lu (大馬路)		50	27			
Chien Hui Flour Factory (建輝麵粉廠) T'u Shih Kuo (土儀溝)	Manufacture of flour	21	4	Under Communist control	Thirteen electric motors removed	Repairs being made so that operation can be resumed
Chiao Tung Flour Mill (交通麵粉廠) Feng Yao Ch'ang (馮耀昌廠)	Manufacture of flour		3		Part of equipment removed.	Repairs being made so that operation can be resumed.
Chen Hui Flour Mill (振華麵粉廠) Hing Teh Ta Street (明德大街)	Manufacture of flour	18	14	Managed by the Chen Hui Co. for the Communist Central Bureau	One motor (electric) was removed by Communists.	Repairs being made so that operation can be resumed.
Chen Yeh Flour Mill (振業麵粉廠) Hsi Chia Kuo (白家溝)	Manufacture of flour	6	6	Occuried and operated by Communists	Electric motors and wine were stolen by bandits	Repairs being made so that operation can be resumed.
Clothing Factory St. Chung Heng Ku Ying (中興古營街)	Military blankets and uniforms	300	135		Most of the machinery and materials were removed.	Repairs being made so that operations can be resumed.

Attachment #2  
-5-

(Shanghai Note: Probably Border Region Currency. However, there appears to be a discrepancy in the amount of private capital given for the Leather factory as compared to the amount given for the Construction Company.)

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CENTRAL INTELLIGENCE GROUP

Name & Location  
 of Organization  
 Lumber Mill under  
 the control of the  
 Reconstruction  
 Bureau of Communist  
 Municipal Government  
 Sheng in Street  
 (商務街)  
 Hsin Hua Pharmacy  
 (新華藥房)  
 Tien Foo Shan  
 元宝山

Type of Business  
 building supplies  
 Medicine and glass

No. of Personnel  
 Original Present  
 90 40 11

Original Status  
 Materials were given to the  
 Reconstruction Bureau of  
 the Communist Municipal  
 Government  
 It is operated by Chinese  
 and Japanese. Sino-Japan-  
 ese concern originally  
 named Oriental Jen Tzu (牛)  
 Company.

Damages  
 Personnel in charge fled;  
 most of the supplies were  
 removed  
 Most of the machinery and  
 materials were removed.

Condition after Restoration  
 Repairs being made so that  
 operation can be resumed.  
 Repairs being made so that  
 operation can be resumed.

CENTRAL INTELLIGENCE GROUP

25X1A

Attachment 42



7. Railroad Bridge Destroyed, Kalgan



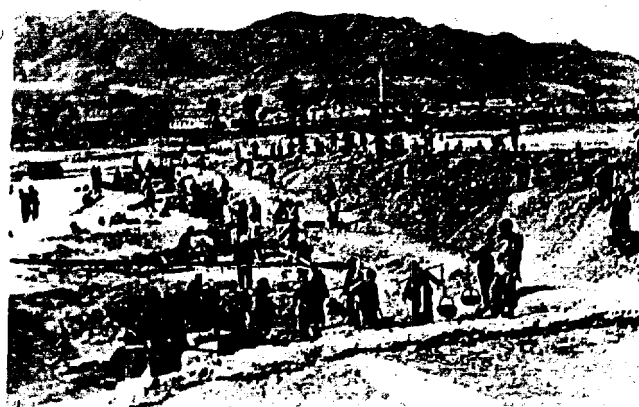
8. Railroad Station at Kalgan



9. Houses Behind Water Tower, Kalgan



10. Destruction of Rolling Stock and Rails



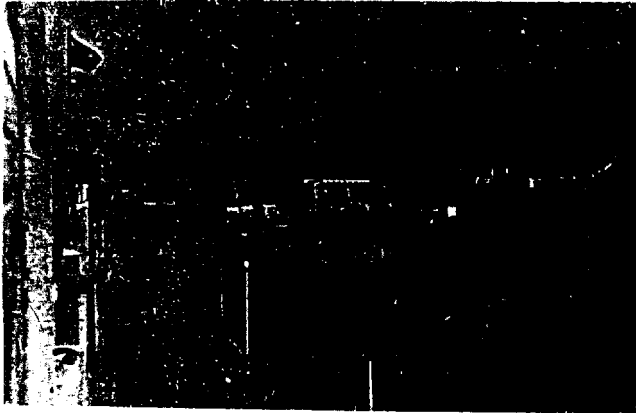
11. Building Railroad Bed Beside Former Railroad Bridge, November 4, 1946, Kalgan



12. Other Workmen Rebuilding New Railroad

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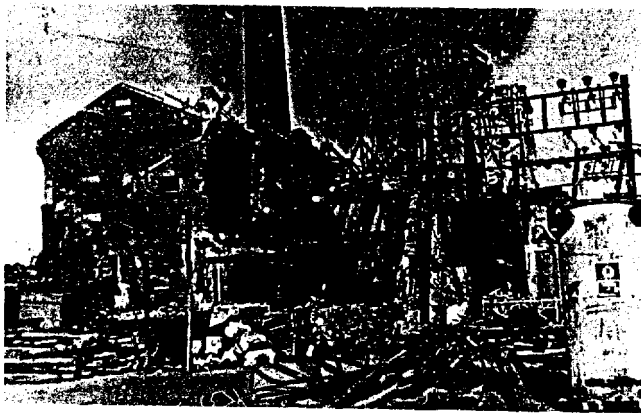
PHOTO ATTACHMENT #2  
 Approved For Release 1999/09/08 : CIA-RDP82-00457R0



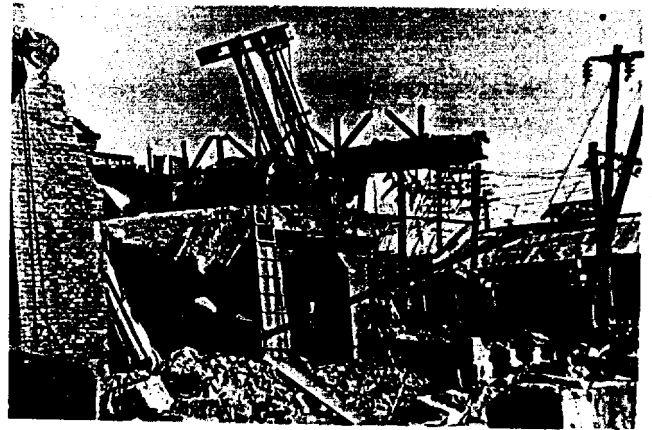
1. Main Street, Kalgan



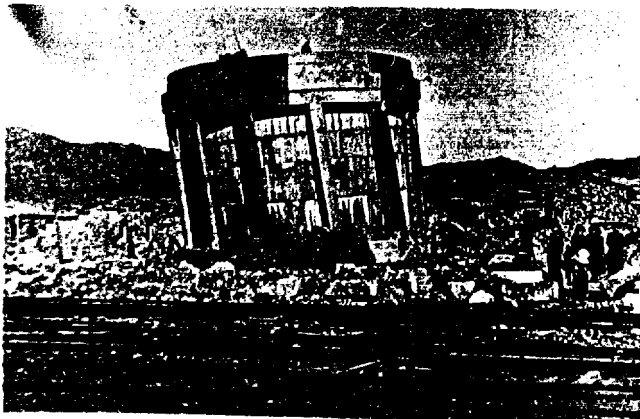
2. Business Office, Electric Company, Kalgan



3. Electric Power Plant, Kalgan



4. Electric Power Plant, Kalgan



5. Water Towers Adjacent to Railroad Station



6. One Building at Match Factory, Kalgan

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